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UNCLAS KINSHASA 000231

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DEPT FOR DRL/IL-LHOLT AND AF/RSA-MHARPOE

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TAGS: [ECON](#) [EFIN](#) [ELAB](#) [FAIR](#) [ETRD](#) [PGOV](#) [CG](#) [EMI](#)

SUBJECT: DRC JANUARY ECONOMIC REVIEW

REF: A) Kinshasa 182

B) Kinshasa 216

1. (U) SUMMARY

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- An IF delegation visited Kinshasa for an interim review of the GDRC's compliance with the IMF economic program.
- A December 30 presidential decree established OFIDA, the Congolese customs agency, as the sole customs collector.
- Labor strife, including threatened and actual strikes, continues in various public employee sectors.
- The DRC's UN Joint Logistics Center will not publish the results of its December audit of six Congolese airlines. The Parliament has not yet approved the 2006 budget.
- The US Coast Guard (USCG) has provisionally removed the GDRC from its list of countries that have not implemented effective anti-terrorism measures at their maritime ports.
- The GDRC's main port at Matadi continues to exceed its container capacity.
- A new management team took over the mining parastatal Gecamines, as part of its restructuring.
- A COMESA (Common Market of Eastern and Southern Africa) delegation visited the DRC in January to advocate for the GDRC's participation in COMESA's free trade area and customs union.
- Post recorded January inflation of 0.6 percent. End summary.

AVIATION

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2. (U) MONUC has not released the results of the December inspection of six Congolese airlines. The UN Joint Logistics Center organized the inspection to assess the safety standards of Congolese airlines that UN personnel would potentially use in the DRC during 2006.

LABOR

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3. (U) Judges in Kinshasa and some of the provinces are striking to protest the Ministry of Justice's decision to transfer 500 judges to different judicial districts and the Parliament's failure to pass a Law on Magistrates designed to establish a more independent judiciary.

4. (U) The main teachers' unions continue to threaten to strike if teachers do not receive a pay increase, but union leaders have indicated that they want to see the 2006 budget before making a decision. Congolese Catholic Church officials oppose the strike; the Church operates a substantial number of schools nationwide staffed by government-paid teachers. Nevertheless, isolated provincial strikes have occurred, such as in Katanga, Kasai Occidental.

5. (U) The employees of ONATRA (the Congolese port authority), suspended a January 13 strike they initiated to protest a January 3 presidential decree designating OFIDA (the DRC's customs agency) as the sole operator and collector of customs and excise taxes at all border posts. OGEFREM (DRC's maritime freight management) and OCC (DRC customs inspection service) employees had also joined the strike. The workers have asked the government to give the duty collection responsibilities to a neutral third-party.

6. (U) Nurses went on strike January 13 to protest the GDRC's failure to pay their full salaries. Hospitals throughout the DRC are offering limited services. However, in Mbandaka, Equateur province, the Prosecutor arrested the head of the nurses' union for striking.

MINING

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7. (U) President Kabila has named a new management team at Gecamines, the Congolese copper/cobalt/zinc mining parastatal, as part of the World Bank-supported reform of the enterprise (reftel A).

18. (U) The GDRC has rescheduled its Kimberley Process Alluvial Mining Sub-group meeting for February 22-23.

#### PUBLIC FINANCE AND TAXATION

19. (U) An IMF team visited the DRC January 23 through February 2 for an interim review of the GDRC's economic performance, in preparation for its sixth and final review of the current program (septel).

10. (U) The Parliament's Economic and Finance committees (EcoFin) have reached a compromise between the Senate and Assembly 2006 budget versions, but the plenary session has not convened to vote on it. The primary disputed point is the revenue percentage that the GDRC should retrocede to certain state agencies.

11. (U) The GDRC's Poverty Reduction Strategy Paper (PRSP) will not be complete before March. PSRP Implementation will probably begin after July 1, when the new government is in place. This pushes back achievement of the HIPC completion point to the third quarter of 2007. The PRSP must be implemented for one year before completion point is reached.

#### TRADE

12. (U) A COMESA delegation visited the DRC the week of January 23 to advocate Congolese engagement in COMESA's customs union and free trade zone. The DRC is a member of COMESA, but it is not currently paying its dues nor playing an active role in the organization.

#### TRANSPORTATION

13. (U) The US Coast Guard provisionally removed the GDRC from its list of countries that have not complied with maritime anti-terrorism provisions. In its January 24 Port Security advisory, the USCG has lifted the conditions of entry imposed on the DRC, pending further port inspections (reftel B). However, the excess number of containers at the port continues to severely hamper commercial activity.

#### INFLATION

14. (U) January inflation was 0.6 percent.

#### EXCHANGE RATE

15. (U) Week ending	01/06	01/13	01/20	01/31
CENTRAL BANK RATE	435	438	434	434
PARALLEL MARKETS				
-KINSHASA	430-440	440-450	430-440	430-440
-LUBUMBASHI	440-450	445-460	440-450	450-460
-MBUJIMAYI	440-445	440-450	430-440	430-440
-KISANGANI	450-470	450-480	460-480	450-470
-GOMA	460-475	460-475	450-475	450-470
-BUKAVU	460-475	460-475	450-475	450-470

#### MEECE

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